

Northern Development Commission

First Annual Report

July 17, 1998 - July 16, 1999



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Northern Development Commission—Advocate for the Future							inancial Records	statement of Expenditures 1998-99	iummary of Professional Services Contracted 1998-99 and 1999-00	articipation	uture Directions and Projects





Commissioner's Letter

identify ways government can assist economic development by recognizing community priorities, co-ordinating development mayors and municipal administrators, resource industry leaders, chambers of commerce, First Nations leaders and anyone My first priority as the Northern Development Commissioner was to travel throughout the northern region to meet with who contacted me about projects that had employment and economic development potential. These meetings helped efforts and forming regional strategies to attract investment.

decisions made by foreign governments, multinational corporations, and major economic drivers, such as the London Metals willingness to adapt and change in the ways we make our living. The major natural resource industries are affected by Most residents of communities scattered throughout this vast geographic region acknowledge that there needs to be Exchange, the International Monetary Fund, and currency fluctuations, that are beyond the control of the provincial government, yet affect directly how industries can operate and manage.

value-added product potential. New fish and agricultural products are also being developed, and tourism is increasing as new uses for these resources. A prominent example is the strong interest in the softwood lumber industry for developing The reality is that the northern economy will continue to be based on natural resources. The difference will be in finding Canadians and international travellers discover the attractions of wilderness areas.

dependency on outside financing and more support from financial institutions operating in the North. Venture capital investments I also saw the extent of community pride and determination to diversify. The problems currently facing attempts to diversify local in the North have been modest yet are essential if the northern half of the province is to become a significant economic force. economies are not insurmountable; instead, they represent challenges to overcome. Region-wide, there is a need for less

businesses. In some cases, this was all that was needed to move ventures ahead. In others, we will need to continue to work My first year was spent laying the groundwork: marshalling resources; bringing together the right people; and assisting new on ways to help move projects forward.

driven by northerners, and located, directed and managed in the North. Our first year in operation was just the beginning. Created by the demand of northern residents, who, at the Premier's summit on Northern Jobs and Development held in Development Commission has been an agency capable of "made-in-the-North" solutions - designed by northerners, Prince George in October 1997, said they wanted an advocate who had a strong voice in Victoria, the Northern

We must recognize major economic shifts take years, and sometimes decades, to become established, and I believe northerners realize this. We need a receptive attitude to change; investment; access to global markets; a skilled labour force; and supporting suppliers and services to move ahead and diversify the economy of the North. Each of us plays a role in shaping our future in the North. The Northern Development Commission is here to help realize the opportunities for the future.

John Backhouse

Call to Action

Northern Development Commission operations policy and program development

The Northern Development Act was passed June 30, 1998. Under the act, the Northern Development Commission's responsibilities are:

- to act as an advocate for northern economic development;
- to promote private-sector investments in northern British Columbia;
- to work with and support economic development activities of other organizations; and,
 - to create jobs.

four western provinces and the Northwest Territories. Participants include representatives of the federal government, The commissioner is a member of the Western Canadian Corridors and Ports Initiative. This is a project of the private-sector transportation companies and educational institutions. The objective is to develop a network of transportation corridors and ports in Western Canada to allow maximum economic growth and prosperity.

Management Plan. The commission's role is to advise and ensure that economic development strategies adopted The Northern Development Commission participated in development of the Cassiar Land and Resource co-ordinate with and uphold other initiatives.

the villages, towns, districts, regional districts and cities across northern British Columbia. The NCMA adopts policy The Northern Development Commission also liaises with the North Central Municipal Association, a consortium of resolutions which are then advanced to the Union of B.C. Municipalities (UBCM), the Federation of Canadian Municipalities (FCM) and provincial and federal governments as appropriate.

assistance in sustaining the forest and mining sectors. As an example of regional advocacy, when Quesnel and Wells representations to the Ministers of Municipal Affairs and Environment for the provision of adequate sewer and water needed assistance with securing infrastructure funding, those communities looked to the commissioner to make The Northern Mayors' Task Force, formed in December 1998 to enhance the regional economy, looked to the commissioner to facilitate a number of meetings at the ministerial and senior level of bureaucracy. These were pivotal to securing funds to complete essential health care facility capital projects, and securing government systems and also for flood protection work for the newly incorporated community of Wells.

The commissioner sits as a member of the external review committee to the B.C. Knowledge Development Fund to include creating and enhancing job creation and economic development province-wide. Funding is provided for post-secondary institutions, teaching hospitals and affiliates of non-profit agencies. The committee's objectives ensure that the North gets a fair share of the funding distributed. Proposals are reviewed from public purposes such as equipment, database development and maintenance and forest research.

facilities. Along with the Northern Alberta Development Council, the Northern Development Commission has contributed to The Northwest Corridor Development Corporation invited the commissioner to become a member of the board and participate in planning the economic potential involving the road, rail, air, pipeline, telecommunications and marine a Northwest Corridor Capability and Opportunity Study which is expected to be completed in the fall of 1999.

Focussing internationally, the commissioner has proposed creation of a Northern British Columbia-Japan Investment Forum. Terms of reference are being written with the objective of organizing trade missions and establishing links for government, industry and business with a northern focal point.



Consultations

The commissioner created three separate administrative areas and divided the northern region into geographic sections.

provide networking and information sharing opportunities for economic development practitioners. The goal is to promote explore economic development potential and to discuss initiatives that can be undertaken immediately. The intent was to Communities in each of the three sections were invited to submit nominations for representatives to attend a meeting to co-operation and ultimately develop a regional strategy for economic development and diversification.

Northeast (Dawson Creek)

Wenty-eight participants in the northeast forum identified five infrastructure issues that require being addressed to remove impediments to development. They are:

- road development and maintenance;
- . transportation links for shipment of goods;
- 3. availability of education and training opportunities;
- 4. access to health care; and,
- 5. reliable telecommunications service.

areas, only party lines are available and customers experience long waits for repair service. Commissioner Backhouse has had regular contact with communications technology companies and has lobbied the CRTC on behalf of northern communities. Specifically, service that allows internet access and the flexibility of products such as call management services available in urban centres is needed. Businesses need to have private lines and access to extra lines for modem and fax use. In some Further discussion emphasized that improved telecommunications service is integral to future business development.

Strong potential exists for developing value-added agricultural products. The group expressed interest in having another forum specifically addressing the agriculture sector. The commission will undertake to mount this special seminar as requested. The Business Development Bank was invited to attend and present information on its loan programs for start-up businesses and participants were each provided with a copy of a self-paced computer course - "Export 101"- about how to go about moving products into the international marketplace.

Northwest (Terrace)

information gathered at the meeting, a survey was distributed wherein the respondents were asked to prioritize the most Attracting participation region-wide, 37 participants met to discuss economic priorities for the region. In addition to the urgent issues.

Six top priorities for northwest economic development practitioners are:

- 1. the commission to continue to take leadership;
- 2. develop strategies and organize regular exchanges of ideas;
- improve opportunities for local decision-making with respect to economic development and securing fairer return on income from resources extracted in the North;
- 1. underlake extensive tourism planning for the northwest region;
- the commission to sponsor a seminar to encourage joint venture business development involving First Nations communities; and,
- the commission to work to ensure that the promised upgrading of Highway 37 takes place a vital link for business.

North-central (Prince George

Technology. The north-central economic development practitioners were invited to attend the seminar on Program for Export Market Development-Investment (PEMD-I) developed by the federal Department of Foreign Affairs and International Trade. Go International seminar on breaking into foreign markets planned by the Council for the Advanceme... of Science and The north-central region's meeting was held in March because there was an opportunity to combine with the

The 28 participants discussed the commission's plans to establish partnerships with municipalities for the purpose of encouraging economic development and creating job opportunities.

Feedback from the meeting included:

- the need for better transportation and communications infrastructure in remote and rural areas;
- 2. assistance to promote destinations and to establish desirable tourist facilities is needed to support the potential for tourism development; and,
- 3. access to outside and possibly world markets is essential for businesses in small communities.

Overall, reaction and comment from each of the meetings was very positive. Participants expressed a desire to meet regularly and have the commission provide the leadership in organizing of future meetings.

heightening the interactions among those most directly involved in economic development work. His involvement has An important function in encouraging business development and job creation has been the commissioner's role in served to increase the level of co-operation with the agencies and individuals involved.

Overall, the outcome has been a network of referrals that has produced efficiencies for those seeking to establish or expand Over the past year, the Northern Development Commission has actively encouraged interaction with economic development officers, mayors and administrators, the community futures offices, chambers of commerce and financial institutions. their businesses.

Northern Development Commission - Making it Happen

Economic issue

In the northeast, a study funded to identify potential value-added agricultural products is expected to be filed in the near future. From there, the most viable possibilities will be chosen for development.

the lower value portion of the harvest. There is employment potential for factory production of dried, canned Crop potential currently is being investigated for pine mushrooms with a view to eventual development of and sliced product manufactured here for export to Asia Pacific.

Jur role

A request came to the commission from a Vanderhoof food-processing plant to assist in securing financial assistance to allow expansion and market development. Required advice was provided and referrals were made during the company's development stage. The company has since expanded.

Agriculture. As a result of the commissioner's work, a decision was made to conduct public meetings during The Fort Nelson Farmers' Institute approached the commission to lobby the government on farm land stumpage fees. The commission facilitated a review of the issue by the Select Standing Committee on

Western Canadian Corridors and Ports Initiative. The goal is to reduce the cost of grain transportation to port and increase utilization of the northwest transportation facilities and ports in response to the requirements of The commission has been actively involved in working with the Northwest Corridor Association and the western grain handlers.



Economic issue

Individual companies are attempting to identify a saleable marine product in the non-fin fish line which is not currently being sold from the northcoast.

Our role

The commission supported this effort by funding a marketing study. Since then, two projects have been approved through the Ministry of Environment, Lands and Parks, and the proponents have identified assistance with marketing analysis as integral to obtaining the required approvals.

northcoast and Queen Charlotte Islands. This was part of a larger marketing study on shifting the fishing The commission supported a study to determine potential viability of a commercial shellfish farm for the economy to the bivalve fishery.

Future direction

Some westcoast entrepreneurs have also sought the commissioner's assistance in examining the potential for finfish aquaculture. This involves exploration of lifting the moratorium on seafarm development. Investigation and consideration is ongoing.

Economic issue

region. In addition, Commissioner Backhouse brought the lack of infrastructure to the attention of federal The commission took an advocacy stance with the CRTC to bring improved infrastructure to the northern and provincial officials to encourage expediting service into high-cost areas.

Our role

services in remote areas. There has also been promotion for expansion of PLNet, a program involved in telecommunications industry and actively promoted upgrades to party lines and provision of enhanced Acting as an advocate for northern communities, the commission has monitored developments in the information access through the world wide web for provincial schools and communities.

Recuite

significant in bringing the project to fruition. People in that remote community now have cost-effective access approached the commissioner and his advocacy role with the provincial and federal governments was An earth station has been installed at Telegraph Creek as a pilot project. The Telegraph Trail Society to high-technology communications. Satellite feeds now provide internet access.

services to school districts of \$2.9 million and \$294,000 to northern colleges. While these allocations reflect average cost across the province, the actual cost of connecting in remote areas is higher for areas such as As of August 1999, technology grants provided to school districts in northern B.C. for acquiring computer hardware, software and information services totalled \$1,030,000 and a further investment to fund PLNet Telegraph Creek, Atlin, and Dease Lake requiring satellite services.

Retail

Regular inquiries come to the commission about the retail climate and potential for new retail ventures.

Economic issue

The Airport Plaza project in Prince George is progressing. The retail complex is in the design stage, with the developer preparing to go to the city of Prince George design panel for development permit approval.

Our role

The commissioner arranged meetings for the developer with local cabinet ministers, the Minister of Transportation and Highways and their officials. His involvement helped move the process forward.

Mr. Backhouse played a key role in moving the project forward," said developer Keith Raddatz. "He was able to quickly call, and facilitate, meetings with key senior staff in the Ministry of Transportation and Highways. He brought the project stakeholders to the table where a solution was ironed out.

able to meet senior Ministry of staff in Victoria who helped us introduced to John Backhouse delays and difficulties around Transportation and Highways the off-site services — things The project was running into the costing and approvals of by the mayor of Vanderhoof. through his efforts, we were resolve the off-site services John was sympathetic and, Rivershores Developments like sewers, water, storm sewers and curbs," said developer Ron Hyde of (1998) Ltd. "We were problem.

Economic issue

currently under construction, sought assistance from the Vanderhoof Square, a shopping center in Vanderhoof commissioner to help with issues of access.

Our role

agreement from all parties and allowing the project to proceed. credits the commissioner's involvement as integral to obtaining Highways, the developer and the municipality. The developer The commissioner participated and brought about successful negotiations among the Ministry of Transportation and

Economic issue

approached the commissioner for assistance in approaching The developer of the Canadian Tire franchise in Quesnel the Ministry of Transportation and Highways. The project required development of a formula for cost sharing the intersection signalization off Highway 97.

Our role

The commissioner established contacts and meetings and the issue was resolved satisfactorily.



Economic issue

commissioner arranged discussions among cabinet ministers and senior officials. His work was instrumental in bringing about the desired result - a "Build With Wood" strategy which was adopted by the province. The commitment to using wood in B.C. capital projects is expected to create 400 full-time jobs a year. During the planning and introduction of the Canadian Wood Council's Wood WORKSI program, the

municipalities and regional districts have subsequently adopted similar policies on wood use in construction. Hart Middle School in Prince George - the first publicly funded project built under the new strategy. Various One of the first results of this policy was the decision to support construction, using mainly wood, of the

Our role

The commissioner is credited by Wood WORKS! for establishing their positive relationship with the provincial government, leading to adoption of the building strategy.

Economic issue

The Touch Wood symposium held in Houston attracted 200 delegates interested in exchanging information on value-added wood products and services.

Our role

The commission provided financial support to the project due to its focus on future job creation.

Economic issue

Columbia, the commissioner, the ministries of Finance and Advanced Education examined the business case When a proponent put forward the idea of establishing a full motion pilot training flight in northern British and the potential for job creation.

Our role

The commissioner facilitated discussions and provided partial funding for the study concerning the benefits of move the project further will require private-sector leadership. Discussions continue among the stakeholders. having a flight simulator located in northern British Columbia. The outcome so far is that the decision to

During the period of federal government devolution of air transportation authority, a number of issues arose commissioner was able to support negotiations between the town of Fort Nelson and the B.C. Assets and which the commission was able to assist in resolving; notably, the issue of land transfer. At the time, the

of the Northern Wood Technology Centre. Additionally, the commissioner has participated in all the planning commission has assisted inquiries about product development, production and marketing. The commission has contributed staff resources to the Central Interior Wood Processors Association's efforts towards creation While the concept of value-added crosses all economic sectors, it is prominent in the forest industry. The meetings and discussions.

Northern Development Commission Advocate for the Future



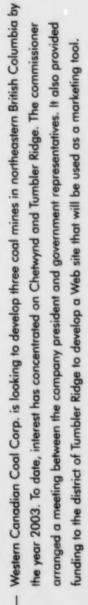
involvement, BC Hydro has undertaken further analysis of the project's future viability. The communities On the request of the mayors of Smithers and Houston, the commission brought together the parties got a hearing from BC Hydro and all stakeholders are gratified with the direction and momentum resulting from that meeting and acknowledge the commissioner's contribution to restoring some potentially involved in a congeneration project in Houston. As a result of the Commissioner's optimism for carrying the project forward.

- The Northern Wood Technology Centre, proposed to be established in Prince George and located at the College of New Caledonia, is poised to make a significant contribution to the viability and sustainability training and to encourage technology transfer and development of the value-added sector of the forest of the secondary wood manufacturing industry. The centre is being planned to provide high-technology economy. The commissioner has been an active member of the steering committee working towards creation of the centre.
- On the request of the minister of Forests, the commissioner chaired a public meeting to invite input on forest district. The commissioner held private meetings with interested parties and other forest industry Slocan Forest Products' request for amendments to Pulpwood Agreement No. 12 in the Fort St. John companies, chaired the public meeting, and submitted a report for the Minister's consideration.
- The commissioner has spent considerable time bringing together various stakeholders in the Nass timber supply area to maximize future employment opportunities and to sustain present employment levels.



An American company has expressed interest in establishing a petrochemical plant in Prince George. To encourage the company to locate in Prince George, the commissioner arranged meetings with the Prince George Regional Development Corporation, the mayor of Prince George and with Dan Miller, minister responsible for northern development.

Minina



Oil and Gas



- There is renewed interest in the potential for lifting the moratorium and developing offshore oil and gas Commission to assess the public interest and obtain input from all the stakeholders involved. The group will recommend whether there is sufficient will and ability to go forward and build an appropriate near Prince Rupert as a means of diversifying the local economy. The Conflict Managers Group, consultants which specialize in issue analysis, has been contracted by the Northern Development process to examine the moratorium issue.
- Fraser-Fort George and Prince George Airport in working on this ongoing effort. The commissioner also environmental standards that is imposed by the federal government. The commissioner has been The Husky Oil Refinery in Prince George asked the commissioner to support an exemption from involved with private-sector representatives and the City of Prince George, Regional District of made a presentation to the provincial Environment Minister on behalf of Husky Oil.
- upgrade and maintenance schedule on the Sierra-Yoyo-Desan Road, the majority of which was formerly a privately operated and maintained road. This road is essential to the continued success of the oil and In concert with the provincial government's commitment to highways infrastructure, there is a full scale gas industry and other resource industries in north-eastern B.C. Following a site visit Commissioner An agreement was reached wherby the costs associated with improvements will be recovered from Backhouse joined with local government and industry in advocating for road improvements. industrial users while the province will share the costs of maintenance.

requirements to take advantage of industry and government contracts. The registry resulted directly from co-operation between the two commissions, industry and local contractors. The Northern Developinent The commission has ongoing liaison with the office of the oil and gas commissioner and works in relationship established. An example has been development of the Aboriginal Contractors' Registry. The registry is designed to increase First Nation participation in the oil and gas and other resource concert with his efforts to assist the industry. There has been a very good, co-operative working Commission also lent its support to Oil and Gas Week held in Fort St. John during May 1999. sectors. It will also provide a vehicle for aboriginal contractors to develop the skills and other

Tourism

- Interest has intensified in developing Valemount as a destination resort because of the federally imposed towards a feasibility study on building an air tram for sightseers and skiers. Valemount regularly invites the commission's participation in actively pursuing development of corresponding accommodation and moratorium on any further development at Jasper. The commission assisted the village by contributing dining facilities and a variety of tourist attractions.
- approaching the Highways Minister for improving access to the tourist centre at the junction of Highways development. The commission has responded, as appropriate, with financial assistance for marketing 16 and 97 for westbound traffic. Numerous other towns have sought assistance in attracting tourist The commissioner's assistance was sought by a resort owner and the Tourist Info Centre to aid in studies or by making referrals.



Financial Records

Peace Region Value-Added Strategy Group. Contribution to help fund a joint project with the government of Alberta to investigate the potential for developing and marketing value-added agricultural products in the Corporation of the Village of Valemount. Contribution to conduct a feasibility study on the business potential for a ski development for Canoe Mountain. Skeena-Queen Charlotte Regional District. Contribution towards development of a marketing plan for selling shellfish through the port of Prince Rupert.

District of Tumbler Ridge. Contribution towards design and creation of a web site to seek an investor for development of a third coal mine in Tumbler Ridge. District of Tumbler Ridge. Contribution towards a comprehensive marketing study exploring the potential for economic development and revitalization of the community. Gitanyow Hereditary Chiefs. Contribution towards a feasibility study to explore creation of a processing plant for pine mushrooms. Gitanyow Hereditary Chiefs. Contribution towards a feasibility study to explore creation of a post- and beam-construction facility in Gitanyow Village.

District of Stewart. Contribution towards a cost-benefit analysis on the timber sold from the Nass Valley.

Northwest Corridor Development Corporation. Contribution to analyze development potential.

City of Fort St. John. Support of Oil & Gas Week to develop community and industry strategies to meet the challenges of continued industry growth.

Touch Wood 1999 Northern Wood Forum. Contribution towards the costs of mounting the meeting in Houston.

Cariboo Economic Action Forum. Contribution to mounting the event in Williams Lake.

Ventures and Value-Added Seminar. Contribution to the meeting in Burns Lake.

Northwest Rail Cruise Tourism Forum. Contribution as sponsor of half the forum costs in partnership with the BC Rail Group of Companies. Council for the Advancement of Science and Technology. Donation to mount the Go Internationall seminar in Prince George on global marketing. Angus Raid Group. Grant in support of a survey of grain transportation stakeholders in partnership with the western provinces.

Note: The listing of grants and contributions covers two fiscal years and therefore will not coincide with the totals in the statement following.

Statement of Expenditures 1998-99

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Contracted 1998-99 and 1999-00 Summary of Professional Services

Pacific Business Research. \$5,000 for training sessions on export development.

Buchan Public Affairs. \$40,000 for communications services.

Conflict Managers Group. \$96,000 for conducting a feasibility study assessing public interest in a process to study the existing moratorium on offshore oil and natural gas.

V.S. Pendakur, Inc. Transportation Planning and Engineering Consultants. \$20,000 for development and implementation of a northern economic development strategy.

KPMG. \$9,000 for analysis of the commission's business plan and accountability structure.

McNeal and Associates. \$24,000 for assessment of the business case for a flight-training simulator.



Participation

Northern Development Commission participation in regional, provincial and national conferences.

September 28-October 1, 1998 UBCM, Penticton, B.C.	
October 6-9, 1998	
November 29- December 2, 1998	
November 8-9, 1998	
January 5-9, 1999 Sirolli Enterprise Facilitation Course, Vancouver, B.C.	
January 25-26, 1999Farm 2000, Richmond, B.C.	
January 27-29, 1999	
February 17-20, 1999	
March 9-10, 1999	
March 12, 1999	
March 26-27, 1999Science Serves the North, Prince George, B.C.	
April 8-9, 1999	

April 22-24, 1999	May 12-14, 1999
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Future Directions and Projects

Already, some issues have come to the fore indicating the level and nature of involvement expected from the commission

- In October 1999, the commission is sponsoring the Sea Food Expo in Prince Rupert, planned to showcase products and new processing techniques for the northeast coast.
- There is angoing involvement by the commissioner with stakeholders in the Nass timber supply area assisting in identifying means to reduce the cost of logging in a low-value timber area.
- continue to work actively with the stakeholders to improve highway access. He also is involved in developing a tourism Respecting the upgrades and repairs to 140 kilometers of the Liard Highway (Highway 77), the commissioner will strategy for the North working with Tourism BC and the Ministry of Small Business, Tourism and Culture.
- Once the issue of whether there should be a process concerning the offshore oil and gas moratorium is decided, and a course of action identified, there may be ongoing involvement with that sector.
- There is recognition of the importance of electronic infrastructure which the province has supported through projects such lead a project to support services to rural and remote entrepreneurs. The commission will continue to advocate on behalf as PLNet and the CAP pilot projects. The western premiers gave a mandate to the territorial government of the Yukon to of communities with the CRTC, federal and provincial governments and service providers.